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Incoming

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From: Angela Nance
To: Dana Dean; Daron Haddock; OGMCOAL
Date: 8/27/2009 2:15 PM
Subject: Fwd: SNL article on America West
Place: OGMCOAL
Attachments: SNL article 8-24-09.pdf; AVS printouts 8-24-09.pdf

>>> "Kirkland, Kathryn A. "Katie"" <kkirkland@osmre.gov> 8/27/2009 8:41 AM >>>
Hello. We subscribe to the weekly publication, SNL Energy Coal Report.

Please find the attached article from the 8/24 publication, "Coal producer America West issues going concern notice."

Also attached is a scanned copy of screen prints from AVS:

- * Permit page for Permit # ACT007020 sequence 5
- * Entity relationships, applications, and permits for Hidden Splendor Resources Inc.
- * Entity relationships for America West Resources Inc. (Applications page lists no applications).

Please contact us with any questions or if you need any investigative assistance. Also, could you please let us know whom things like this should go to in the future? Thank you.

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was able to ship a higher percentage of its sales on contracts that currently provide the highest base price realization of all its sales contracts.

Phoenix reported a net loss of \$44.9 million, or 30 cents per share, for the second quarter and a net loss of \$52.4 million or, 35 cents per share, for the six months ended June 30, including the \$38.9 million write-down of assets held for sale.

✉ E-mail this story.

National Coal slashes executive salaries in cost-cutting move

by Michael Niven

Appalachian producer National Coal Corp., which has had its share of financial problems lately, is slashing the salaries of its top executives for a 12-month period in an effort to further reduce costs.

National Coal disclosed the salary reduction plan in an Aug. 14 Form 8-K filing, saying the plan was approved by its board of directors Aug. 10. Under the plan, all of the National Coal employees with an annual base salary of \$150,000 or more will have their salaries reduced by 10% over a 12-month period beginning Sept. 1, 2009. The plan affects seven employees, including President and CEO Daniel Roling, Senior Vice President and CFO Michael Castle and Senior Vice President of business development and COO William Snodgrass.

"For the period from September 1, 2009 through August 31, 2010, Messrs. Roling, Castle and Snodgrass' annual base salaries will be \$540,000, \$270,000 and \$270,000, respectively," the company said in the filing. "Commencing September 1, 2010, Messrs. Roling, Castle and Snodgrass' annual base salaries will return to their present amounts of \$600,000, \$300,000 and \$300,000, respectively." The plan will result in cash savings of approximately \$193,000 during the 12-month period.

In addition to the salary reduction, National Coal Chairman Kenneth Scott and three other nonemployee directors have agreed to reduce their annual director fee by 10% during the 12-month period beginning Sept. 1, 2009, which will yield cash savings of roughly \$27,000, the company said.

In consideration of the reduction in their base salaries and director fees, each of the affected officers, employees and nonemployee directors received an award of nonqualified stock options to purchase shares of National Coal's common stock. The options have a term of 10 years, vest 100% on the first anniversary of the date of grant, and have an exercise price of 97 cents per share, which was the closing price of National Coal's stock on the date of grant. The number of shares underlying each option award was determined using a Black-Scholes option pricing model, where the value of the award was equal to 1.5 times the amount of the reduction in cash compensation agreed to by the award recipient.

The temporary salary reduction comes several weeks after National Coal's former National Coal of Alabama Inc. subsidiary defaulted on a \$60 million credit agreement with TCW Asset Management Co. and various other lenders due in large part to weak coal sales in 2009. TCW eventually foreclosed on NC Alabama's outstanding capital stock and then purchased the stock in a public auction.

Headquartered in Knoxville, Tenn., National Coal Corp. is one of the smallest publicly traded coal companies in the United States, producing 1.8 million tons of coal in 2008.

Aug 14, 09 National Coal Corp. 8-K

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Coal producer America West issues going concern notice

by Barry Cassell

America West Resources Inc., the parent of Utah coal producer Hidden Splendor Resources, issued a going concern warning in a Form 10-Q filed Aug. 14.

"America West had a working capital deficit of \$9,997,258 and an accumulated deficit of \$14,696,615 as of June 30, 2009," the company said in the filing. "Furthermore, its wholly owned subsidiary, Hidden Splendor, emerged from bankruptcy with a Plan of Reorganization



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in December 2008. These conditions raise substantial doubt as to America West's ability to continue as a going concern. Management is attempting to raise additional capital through sales of stock and enhance the operations of Hidden Splendor to achieve cash-positive operations."

In the meantime, America West said coal operations are continuing. "We operate the Horizon Mine located in Carbon County, Utah, and we plan to expand mining operations in this mine, commence additional mining in the Columbia Mine as early as 2011, and acquire additional mining properties." Columbia is a long-shut deep mine in Utah that America West has said in the past it wants to redevelop.

America West had revenue from continuing operations for the six months ended June 30 of \$4.4 million, a 28% increase from revenues of \$3.4 million for the same six-month period in 2008. All revenue was from coal sales from the Horizon mine operations by the Hidden Splendor Resources unit. The revenue increase was attributable to increased production for the first six months of 2009 compared to 2008, and an average higher sales price per ton of coal for the six months of 2009. Increased production in 2009 was due to the company opening a second mining section at Horizon, enhanced equipment and better mining conditions.

"Historically, we have operated the mine as a 'one-section' mine, meaning we have mined coal in only one area of the mine," America West said. "Beginning in late May 2008, we began operating the mine as a 'two-section' mine. That is, we are now mining coal in two areas of the mine at the same time. Optimally, Section I will be pillaring a developed panel, while in Section II, a panel is being developed. Because development mining involves significant roof support efforts and often discovers problem areas in the mine, such as faults in the coal seam or inflows of water, development mining is more capital intensive than pillaring. By operating two sections, the Company can blend the two types of mining and will have the flexibility to deal with adverse conditions which may affect mining in any one section. By operating two sections, the Company plans to

increase production. However, there is no guarantee that production will increase as planned."

Production costs during the six months ended June 30 were \$3.4 million, compared to \$2.9 million reported for the six months ended June 30, 2008. This 15% increase is attributed to greater production efficiencies in 2009, resulting from operational enhancements implemented during the first quarter of this year.

America West's net loss for the six months ended June 30 decreased 65% to \$440,643, compared to \$1.2 million for the six months ended June 30, 2008.

The U.S. Mine Safety and Health Administration database lists Horizon as active, with production last year of 228,758 tons.


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Cliffs buys new longwall to support eventual higher output at Pinnacle

by Barry Cassell

Cliffs Natural Resources Inc. purchased a new longwall mining system for its Pinnacle mine in Wyoming County, W.Va., which is seeing increased production of metallurgical coal as the steel markets rebound from the worldwide economic slowdown.

Cliffs reported the new longwall in its July 30 Form 10-Q filing: "In 2008, we incurred an additional capital commitment for the purchase of a new longwall plow system for our Pinnacle mine in West Virginia. The system, which requires a capital investment of approximately \$83 million, will replace the current longwall plow system in an effort to reduce maintenance costs and increase production at the mine. As of June 30, 2009, capital expenditures related to this purchase were approximately \$29 million. Remaining expenditures of approximately \$39 million and \$15 million are scheduled to be





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[Home](#) ▶ [ENTITY](#) ▶ [APPLICATION](#) ▶ [PERMIT](#) ▶ [VIOLATION](#) ▶ [MAINTENANCE](#) ▶ [REPORTS](#) ▶[HOME](#) > [PERMIT PAGE](#)**State:** UT**Permittee:** 153690 Hidden Splendor Resources Inc**Permit #:** ACT007020**Seq. #:** 5**County Of Mine:** Carbon**Bond Amount:** \$445,000.00**Bond Status:** Active**Bond Disposition Date:****Permit Issue Date:** 10/11/2006**Suspense Date:****Revocation Date:****Permit Expiration Date:** 10/11/2011**Acres:** 1577**Created:** 10/9/2008**Updated:** 8/5/2009**Source:** Suzanne.Steab**Production:** ☒**Application:** ACT007020 5 UT 153690 Hidden Splendor Resources Inc Renewal Issued**MSHAIDs:****Mine Name:** Horizon Mine

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Entity Number: 153690

Entity Name: Hidden Splendor Resources Inc

* First Name:

Middle Name:

Alias:

Tax ID: 880315046

Memo:

Created: 6/5/2003

Updated: 6/5/2003

Source: sraut075

Entity Type: Business

Locked: N

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153690

Entity#	EName	FName	Middle	LCK	EType	
153690	Hidden Splendor Resources Inc			N	Business	Select

Addresses Relationships Applications Permits Comments

[Add Relationship](#)

	Parent	Entity	SubEntity		Desc.	% Own	begin	End	Hold	HoldSrc	Create	Update	ExtDesc	By
Edit	248416	America West Resources Inc	153690	Hidden Splendor Resources Inc	Shareholder	100			None		2/2/2009	2/2/2009	angelanance@utah.gov	Delete
Edit	153690	Hidden Splendor Resources Inc	153691	Walker Cecil	Director	0	3/28/2003		None		6/5/2003	6/9/2003	sraut075	Delete
Edit	153690	Hidden Splendor Resources Inc	153691	Walker Cecil	President	0	3/28/2003		None		6/5/2003	6/9/2003	sraut075	Delete
Edit	153690	Hidden Splendor Resources Inc	153692	Walker III Alexander	Vice President	0	3/28/2003		None		6/5/2003	6/9/2003	sraut075	Delete
Edit	153690	Hidden Splendor Resources Inc	153692	Walker III Alexander	President	0			None		2/2/2009	2/2/2009	angelanance@utah.gov	Delete
Edit	153690	Hidden Splendor Resources Inc	153692	Walker III Alexander	Secretary	0			None		2/2/2009	2/2/2009	angelanance@utah.gov	Delete
Edit	153690	Hidden Splendor Resources Inc	153692	Walker III Alexander	Director	0			None		2/2/2009	2/2/2009	angelanance@utah.gov	Delete
Edit	153690	Hidden Splendor Resources Inc	153693	Cardinalli Amanda	Director	0	3/28/2003		None		6/5/2003	6/9/2003	sraut075	Delete
Edit	153690	Hidden Splendor Resources Inc	153693	Cardinalli Amanda	Treasurer	0	3/28/2003		None		6/5/2003	6/9/2003	sraut075	Delete
Edit	153690	Hidden Splendor Resources Inc	153694	Walker Jr Alexander	Director	0	3/28/2003		None		6/5/2003	6/9/2003	sraut075	Delete
Edit	153690	Hidden Splendor Resources Inc	153694	Walker Jr Alexander	Secretary	0	3/28/2003		None		6/5/2003	6/9/2003	sraut075	Delete



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Created: 6/5/2003

Updated: 6/5/2003

Source: sraut075

Entity Type: Business

Locked: N

Show Results: 1000

Find By Entity #, Bus. Name, Last Name

Fast 153690

Search

Entity#	EName	FName	Middle	LCK	EType	
153690	Hidden Splendor Resources Inc			N	Business	Select

Addresses Relationships Applications Permits Comments

	App #	Seq. #	ST	Type	Stat	AppID	Name	Ind.	County	MSHAID	Mine	Acres	Create	Update	By
Select	ACT007020	4	UT	Transfer	Issued	153690	Hidden Splendor Resources Inc	N	Carbon	4202074	Horizon Mine	1998.99	9/15/2006	9/15/2006	avsky022
Select	ACT007020	5	UT	Renewal	Issued	153690	Hidden Splendor Resources Inc	N	Carbon		Horizon Mine	1577	10/9/2008	10/9/2008	angelanance@utah.gov



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Entity#	EName	FName	Middle	LCK	EType	
153690	Hidden Splendor Resources Inc			N	Business	Select

Addresses Relationships Applications **Permits** Comments

Perm#	Seq	ST	Permittee	Name	County	Bnd\$	BndSt	BndDis	Issued	Revk	Suspd	Expr	Acres	Create	Update	Orig	Prod?	MSHAIDS	Mine	Application
Select	ACT007020	4	UT	153690	Hidden Splendor Resources Inc	\$0.00			Active	7/1/2003		10/10/2006	1998.99	9/21/2006	9/15/2006	avsky022				ACT007020 4 UT 153690 Transfer Issued
Select	ACT007020	5	UT	153690	Hidden Splendor Resources Inc	Carbon	\$445,000.00		Active	10/11/2006		10/11/2011	1577	10/9/2008	8/5/2009	Suzanne.Steab			Horizon Mine	ACT007020 5 UT 153690 Renewal Issued



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ENTITY LOCKED

Entity Number: 248416

Entity Name: America West Resources Inc

* First Name:

Middle Name:

Alias:

Tax ID: 841152135

Memo:

Created: 12/17/2008

Updated: 12/18/2008

Source: awilloughby@osmre.gov

Entity Type: Business

Locked: Y

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Find By Entity #, Bus. Name, Last Name

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Search

Entity#	EName	FName	Middle	LCK	EType	
248416	America West Resources Inc			Y	Business	Select

Addresses Relationships Applications Permits Comments

Parent	Entity	SubEntity	Desc.	% Own	begin	End	Hold	HoldSrc	Create	Update	ExtDesc	By
248416	America West Resources Inc	153690	Hidden Splendor Resources Inc	Shareholder	100		None		2/2/2009	2/2/2009		angelanance@utah.gov
248416	America West Resources Inc	118472	Baker Dan	President	0		None		2/2/2009	2/2/2009		angelanance@utah.gov
248416	America West Resources Inc	118472	Baker Dan	Chief Executive Officer	0		None		2/2/2009	2/2/2009		angelanance@utah.gov
248416	America West Resources Inc	118472	Baker Dan	Director	0		None		2/2/2009	2/2/2009		angelanance@utah.gov
248416	America West Resources Inc	153692	Walker III Alexander	Secretary	0		None		2/2/2009	2/2/2009		angelanance@utah.gov
248416	America West Resources Inc	153692	Walker III Alexander	Director	0		None		2/2/2009	2/2/2009		angelanance@utah.gov
248416	America West Resources Inc	153693	Cardinalli Amanda	Director	0		None		2/2/2009	2/2/2009		angelanance@utah.gov

248416	America West Resources Inc	248537	Jarkesy	George	Director	0	None	2/9/2009	2/9/2009	angelanance@utah.gov
248416	America West Resources Inc	248545	Durbin	John	Chief Financial Officer	0	None	2/9/2009	2/9/2009	angelanance@utah.gov
248416	America West Resources Inc	248546	Rodriguez	Brian	Director	0	None	2/9/2009	2/9/2009	angelanance@utah.gov



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ENTITY LOCKED

Entity Number: 248416**Entity Name:** America West Resources Inc*** First Name:****Middle Name:****Alias:****Tax ID:** 841152135**Memo:****Created:** 12/17/2008**Updated:** 12/18/2008**Source:** awilloughby@osmre.gov**Entity Type:** Business**Locked:** Y

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Entity#	EName	FName	Middle	LCK	EType	
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None